

**CITY OF LAMONT**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2014**

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# CITY OF LAMONT

## OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January, 2014)		
Alfred Hotchkiss	Mayor	Jan. 2014
Ann Wulfekuhle	Mayor Pro tem	Jan. 2016
Kevin Streicher	Council Member	Jan. 2014
Mark Klingner	Council Member	Jan. 2014
Keith Haynes	Council Member	Jan. 2014
Timothy Burington	Council Member	Jan. 2016
Diane Anderson	City Clerk	Indefinite
Evelyn Gilson	Treasurer	Indefinite
Luke Guthrie	Attorney	Indefinite
(After December, 2013)		
Eleanor McGraw-Riley	Mayor (Appointed Jan. 18, 2014)	Nov. 15, 2015
Ann Wulfekuhle	Mayor Pro tem	Jan. 2016
Tim Burington	Council Member	Resigned Mar 14, 2014
Mary Ann Dozark	Council Member (Appointed Apr. 9, 2014)	Nov. 15, 2015
Mark Klingner	Council Member	Jan. 2018
Keith Haynes	Council Member	Jan. 2018
Jeff Rawson	Council Member	Jan. 2018
Diane Anderson	City Clerk	Indefinite
Evelyn Gilson	Treasurer	Indefinite
Luke Guthrie	Attorney	Indefinite

# Dietz, Donald & Company

CERTIFIED PUBLIC ACCOUNTANTS

**STEVEN S. CLAUSEN, CPA**

124A Main • P.O. Box 359

Elkader, Iowa 52043

(563) 245-2154 • (800) 310-2154

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Lamont, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Basis for Qualified Opinions

As permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distribution by activity of the cash basis net position and by fund of the cash balances at July 1, 2013.

#### Qualified Opinions

In our opinion, except for the effects of the matter discussed in the “Basis for Qualified Opinions” paragraph, the financial statements referred to in the first paragraph of this report present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Lamont as of June 30, 2014, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

#### Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

#### Other Matters

##### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lamont’s basic financial statements. The supplementary information included in Schedules 1 through 4, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, except for the effects of the matter discussed, in the "Basis for Qualified Opinions" paragraph, as it relates to Schedule 1, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis and the Budgetary Comparison Information on pages 8 through 14 and 26 through 27, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2014 on our consideration of the City of Lamont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Lamont's internal control over financial reporting and compliance.

Elkader, Iowa

November 14, 2014



Dietz, Donald & Company  
Certified Public Accountants  
FEIN 42-1172392

Eleanor McGraw-Riley, Mayor  
Ann M. Wulfekuhle  
Mary Ann Dozark

**City of Lamont**  
**644 Bush Street**  
**P.O. Box 240**  
**Lamont, IA 50650-0240**

Mark A. Klingner  
Keith A. Haynes  
Joseph R. Rawson

Diane S. Anderson, City Clerk  
(563) 924-2194  
email: [cityoflamont@windstream.net](mailto:cityoflamont@windstream.net)

Kurt A. Haynes, Public Works  
(563) 924-2068  
FAX (563) 924-2194

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Lamont provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the City's financial statements which follow.

Since the City is not required to be audited annually, much of the information is not easily comparable to prior years. Comparative data have been provided if available.

**2014 FINANCIAL HIGHLIGHTS**

The cash basis net position for the governmental activities increased \$ 43,504, or 20.9% to \$ 251,187 for the fiscal year ended June 30, 2014, due to borrowing \$ 49,000 to purchase a fire truck, which wasn't paid for until fiscal 2015.

The cash basis net position for the business type activities decreased \$ 106,376 or 42.0%, to \$ 146,871 from June 30, 2013 to June 30, 2014.

**USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.





The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Supplementary Information provides detailed information about the non-major governmental funds and the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases and decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

1. Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, and

general government. Property tax and state and federal grants finance most of these activities.

2. Business type activities include the waterworks, the sanitary sewer system and solid waste disposal. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include [a] the General Fund, and [b] the Special Revenue Funds such as Road Use Tax and Local Option Sales Tax. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to account for business type activities. The City maintains three Enterprise Funds to provide separate information for the Water, Sewer, and Garbage Funds.

The required financial statement for the proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing approximately \$ 44,000 to approximately \$ 251,000. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities  
(Expressed in Thousands)

	<u>Year Ended</u> <u>June 30, 2014</u>
Receipts:	
Program receipts:	
Charges for service	\$ 27
Operating grants and contributions	51
General Receipts:	
Property tax	92
Local option sales tax	38
Utility franchise tax	9
Unrestricted interest on investments	5
Note proceeds	49
Other general receipts	<u>2</u>
Total receipts	<u>273</u>
Disbursements:	
Public safety	58
Public works	77
Health and social services	2
Culture and recreation	44
Community and economic development	3
General government	<u>46</u>
Total disbursements	<u>230</u>
Change in cash basis net position	43
Cash basis net position beginning of year	<u>208</u>
Cash basis net position end of year	<u>\$ 251</u>

The cash basis net position for the City's governmental activities increased approximately \$ 43,000 due primarily to borrowing \$ 49,000 for a fire truck before year end, but not completing the purchase until fiscal 2015.

The cost of all governmental activities was approximately \$ 230,000. However, as shown in the Cash Basis Statement of Activities and Net Position on page 16, the amount taxpayers ultimately financed for these activities was only \$ 152,000 because some of the cost was paid by those directly benefited from the programs (approximately \$ 27,000) or by other governments and organizations that subsidized certain programs with grants and

contributions (\$ 51,000). The City paid for the remaining “public benefit” portion of governmental activities with approximately \$ 139,000 of taxes (some of which could only be used for certain programs) and with other receipts, such as interest and note proceeds.

Changes in Cash Basis Net Position of Business Type Activities  
(Expressed in Thousands)

	<u>Year Ended</u> <u>June 30, 2014</u>
Receipts	
Program receipts:	
Charges for service:	
Water	\$      53
Sewer	59
Garbage	53
Capital grants and contributions	1,189
General receipts:	
Unrestricted interest on investments	<u>8</u>
Total receipts	<u>1,362</u>
Disbursements	
Water	83
Sewer	1,321
Solid waste	<u>64</u>
Total disbursements	<u>1,468</u>
Change in cash basis net position	(106)
Cash basis net position beginning of year	<u>253</u>
Cash basis net position end of year	<u>\$      147</u>

The cash balance decreased approximately \$ 106,000 due primarily to paying off the SRF loan (approximately \$ 89,000).

### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Lamont completed the year, its governmental funds reported a combined fund balance of \$ 251,187, an increase of \$ 43,504 from last year’s total of \$ 207,683. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

The General Fund cash balance increased \$ 38,406 from the prior year to \$ 227,674. This increase was due primarily to \$ 49,000 of unspent loan proceeds.

## INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Enterprise, Water Fund cash balance decreased \$ 26,529 to \$ 95,337, due primarily to work done to refurbish the water tower.

The Enterprise, Sewer Fund cash balance decreased \$ 68,990 to \$ 43,898 due primarily to the retirement of the SRF loan.

## BUDGETARY HIGHLIGHTS

Over the course of the year the City amended its budget once. The amendment was approved on May 4, 2014 and resulted in an increase in operating disbursements of \$ 84,932 related primarily to the anticipated purchase of the fire truck and debt service payments in the sewer fund.

The City receipts were \$ 28,091 more than budgeted.

Total disbursements were \$ 197,957 less than budgeted. Actual disbursements for the public safety function were \$ 88,428 less than budgeted, due primarily to the purchase of a fire truck being delayed until fiscal year 2015.

## DEBT ADMINISTRATION

At June 30, 2014, the City had \$ 49,000 of long-term debt outstanding, compared to \$ 89,280 last year, as shown in the following.

<u>Outstanding Debt at Year-End</u> <u>(Expressed in Thousands)</u>		June 30,	
		2014	2013
General obligation notes		\$ 49	-
Revenue notes		-	89
Total		<u>\$ 49</u>	<u>89</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$ 49,000 is substantially less than its constitutional debt limit of nearly \$ 628,000.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City of Lamont's elected and appointed officials and citizens considered many factors when setting the fiscal year 2015 budget, tax rates and fees that will be charged for various City activities. One of these factors is growth. Population over the last 40 years decreased 7.4%. Taxable valuations decreased 0.9% between January 1, 2012 and January 1, 2013.

These indicators were taken into account when adopting the budget for fiscal year 2015. Amounts available for appropriation in the operating budget are approximately \$ 375,000, a decrease of 77% from the amended 2014 budget. Property taxes are budgeted to increase \$ 11,040. The tax levy will increase 13.5%. Disbursements are budgeted to decrease approximately \$ 1.355 million.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$ 166,000 by the close of 2015.

## **CONTACTING THE CITY'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Diane Anderson, City Clerk; 644 Bush Street; Lamont, Iowa 50650-0240.

## BASIC FINANCIAL STATEMENTS

Exhibit A

CITY OF LAMONT  
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION  
As of and for the Year Ended June 30, 2014

	Disbursements	Program Receipts			Net (Disbursements) Receipts, and Changes in Cash Basis Net Position		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Functions/Programs:							
Governmental activities:							
Public safety	\$ 58,676	14,007	7,466	-	(37,203)	-	(37,203)
Public works	76,785	-	42,948	-	(33,837)	-	(33,837)
Health and social services	2,150	-	-	-	(2,150)	-	(2,150)
Culture and recreation	43,868	12,516	998	-	(30,354)	-	(30,354)
Community and economic development	2,831	-	-	-	(2,831)	-	(2,831)
General government	46,063	565	-	-	(45,498)	-	(45,498)
Total governmental activities	230,373	27,088	51,412	-	(151,873)	-	(151,873)
Business type activities:							
Water	83,034	53,230	-	-	-	(29,804)	(29,804)
Sewer	1,320,746	58,848	-	1,189,383	-	(72,515)	(72,515)
Garbage	64,271	52,538	-	-	-	(11,733)	(11,733)
Total business type activities	1,468,051	164,616	-	1,189,383	-	(114,052)	(114,052)
Total	\$ 1,698,424	191,704	51,412	1,189,383	(151,873)	(114,052)	(265,925)
General Receipts:							
Property tax and other city tax levied for:							
General purposes					92,149	-	92,149
Local option sales tax					38,012	-	38,012
Utility franchise tax					8,970	-	8,970
Unrestricted interest on investments					5,198	7,676	12,874
Note proceeds					49,000	-	49,000
Miscellaneous					2,048	-	2,048
Total general receipts					195,377	7,676	203,053
Change in cash basis net position					43,504	(106,376)	(62,872)
Cash basis net position beginning of year					207,683	253,247	460,930
Cash basis net position end of year					\$ 251,187	146,871	398,058
Cash Basis Net Position							
Restricted:							
Expendable:							
Community protection					\$ 6,473	-	6,473
Employee benefits					2,911	-	2,911
Streets					14,129	-	14,129
Unrestricted					227,674	146,871	374,545
Total cash basis net position					\$ 251,187	146,871	398,058

See notes to financial statements.



CITY OF LAMONT  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
 AND CHANGES IN CASH BALANCES  
 GOVERNMENTAL FUNDS  
 As of and for the Year Ended June 30, 2014

	General	Nonmajor	Total
Receipts:			
Property tax	\$ 72,100	19,075	91,175
Other city tax	9,740	38,216	47,956
Licenses and permits	565	-	565
Use of money and property	10,291	-	10,291
Intergovernmental	30,711	42,948	73,659
Charges for service	347	-	347
Miscellaneous	884	-	884
Total receipts	124,638	100,239	224,877
Disbursements:			
Operating:			
Public safety	28,650	30,026	58,676
Public works	18,401	58,384	76,785
Health and social services	2,150	-	2,150
Culture and recreation	40,836	3,032	43,868
Community and economic development	2,831	-	2,831
General government	42,364	3,699	46,063
Total disbursements	135,232	95,141	230,373
Excess (deficiency) of receipts over (under) disbursements	(10,594)	5,098	(5,496)
Other financing sources:			
Note proceeds	49,000	-	49,000
Change in cash balances	38,406	5,098	43,504
Cash balances beginning of year	189,268	18,415	207,683
Cash balances end of year	\$ 227,674	23,513	251,187
Cash Basis Fund Balances			
Restricted for:			
Community protection	-	6,473	6,473
Employee benefits	-	2,911	2,911
Streets	-	14,129	14,129
Committed for fire truck	115,000	-	115,000
Unassigned	112,674	-	112,674
Total cash basis fund balances	\$ 227,674	23,513	251,187

See notes to financial statements.

CITY OF LAMONT  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
As of and for the Year Ended June 30, 2014

	Enterprise			Total
	Water	Sewer	Nonmajor Garbage	
Operating receipts:				
Charges for service	\$ 53,230	58,848	52,538	164,616
Operating disbursements:				
Business type activities	40,148	21,963	64,271	126,382
Excess (deficiency) of operating receipts over (under) operating disbursements	13,082	36,885	(11,733)	38,234
Non-operating receipts (disbursements):				
Intergovernmental	-	1,189,383	-	1,189,383
Interest on investments	3,275	3,525	876	7,676
Debt service	-	(89,280)	-	(89,280)
Capital projects	(42,886)	(1,209,503)	-	(1,252,389)
Net non-operating receipts (disbursements)	(39,611)	(105,875)	876	(144,610)
Deficiency of receipts under disbursements	(26,529)	(68,990)	(10,857)	(106,376)
Cash balances beginning of year	121,866	112,888	18,493	253,247
Cash balances end of year	\$ 95,337	43,898	7,636	146,871
Cash Basis Fund Balances Unrestricted	\$ 95,337	43,898	7,636	146,871

See notes to financial statements.

## CITY OF LAMONT

### NOTES TO FINANCIAL STATEMENTS

June 30, 2014

#### **(1) Summary of Significant Accounting Policies**

The City of Lamont is a political subdivision of the State of Iowa located in Buchanan County. It was first incorporated in 1894 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer and solid waste collection services for its citizens.

##### **A. Reporting Entity**

For financial reporting purposes, the City of Lamont has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

##### **Jointly Governed Organizations**

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Buchanan County Assessor's Conference Board, Buchanan County Emergency Management Commission and Buchanan County Joint E911 Service Board.

##### **B. Basis of Presentation**

Government-wide Financial Statement - The Cash Basis Statement of Activities

and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

*Expendable restricted net position* results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position

*Unrestricted net position* consists of cash balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management, which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and (2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The City reports the following major governmental fund :

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

The City reports the following major proprietary funds:

The Enterprise, Water Fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications-committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

*Restricted* - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

*Committed* - Amounts which can be used for specific purposes determined pursuant to constraints formally imposed by the City Council through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action on it employed to commit those amounts.

*Unassigned* - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

### **(3) Notes Payable**

Annual debt service requirements to maturity for general obligation notes of the City are as follows:

Year Ending June 30,	General Obligation Notes	
	Principal	Interest
2015	\$ 12,000	1,898
2016	12,000	1,295
2017	12,500	875
2018	12,500	438
Total	<u>\$ 49,000</u>	<u>4,506</u>

### **(4) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to: IPERS; P.O. Box 9117; Des Moines, Iowa 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the City is required to contribute 8.93% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the year ended June 30, 2014 was \$ 8,379, equal to the required contribution for the year.

### **(5) Compensated Absences**

The City employees accumulate a limited amount of earned but unused compensatory hours for subsequent use or for payment upon termination, retirement, or death.

These accumulations are not recognized as disbursements until used or paid. The City's approximate liability for earned compensatory hours payable to employees at June 30, 2014, primarily relating to the General Fund is \$ 6,000.

The liability has been computed based on rates of pay in effect at June 30, 2014.

#### **(6) Related Party Transactions**

The City had business transactions between the City and City officials totaling \$ 7,985.

#### **(7) Risk Management**

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks did not exceed commercial insurance during the past year.

#### **(8) Commitments**

The City had \$ 71,156 remaining on a construction contract for its wastewater treatment facility to be financed with a Federal Hazard Mitigation Grant. In addition, in May, 2014 the City entered into a \$ 24,975 contract for street maintenance to be financed primarily with Road Use Tax funds.

#### **(9) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27. This statement will be implemented for the fiscal year ended June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.



## OTHER INFORMATION

CITY OF LAMONT  
BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES-  
BUDGET AND ACTUAL (CASH BASIS)-ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
OTHER INFORMATION  
Year Ended June 30, 2014

	Governmental Funds Actual	Proprietary Funds Actual	Total	Budgeted Amounts		Final to Total Variance
				Original	Final	
Receipts:						
Property tax	\$ 91,175	-	91,175	88,369	88,369	2,806
Other city tax	47,956	-	47,956	48,619	48,619	(663)
Licenses and permits	565	-	565	465	465	100
Use of money and property	10,291	7,676	17,967	5,400	5,400	12,567
Intergovernmental	73,659	1,189,383	1,263,042	1,228,159	1,256,833	6,209
Charges for service	347	164,616	164,963	158,775	158,775	6,188
Miscellaneous	884	-	884	-	-	884
Total receipts	224,877	1,361,675	1,586,552	1,529,787	1,558,461	28,091
Disbursements:						
Public safety	58,676	-	58,676	96,464	147,104	88,428
Public works	76,785	-	76,785	111,204	111,204	34,419
Health and social services	2,150	-	2,150	2,950	2,950	800
Culture and recreation	43,868	-	43,868	90,293	90,293	46,425
Community and economic development	2,831	-	2,831	9,800	9,800	6,969
General government	46,063	-	46,063	53,024	53,024	6,961
Business type activities	-	1,468,051	1,468,051	1,447,714	1,482,006	13,955
Total disbursements	230,373	1,468,051	1,698,424	1,811,449	1,896,381	197,957
Excess (deficiency) of receipts over (under) disbursements	(5,496)	(106,376)	(111,872)	(281,662)	(337,920)	226,048
Other financing sources	49,000	-	49,000	-	49,000	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements	43,504	(106,376)	(62,872)	(281,662)	(288,920)	226,048
Balances beginning of year	207,683	253,247	460,930	443,169	460,930	-
Balances end of year	\$ 251,187	146,871	398,058	161,507	172,010	226,048

See accompanying independent auditor's report and notes to other information-  
budgetary reporting.

## CITY OF LAMONT

### Notes to Other Information - Budgetary Reporting

June 30, 2014

The budgetary comparison is presented as Other Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. The nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

During the year ended June 30, 2014, one budget amendment increased budgeted disbursements by \$ 84,932. The budget amendment is reflected in the final budgeted amounts.

## SUPPLEMENTARY INFORMATION

CITY OF LAMONT  
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
 AND CHANGES IN CASH BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 As of and for the Year Ended June 30, 2014

	Special Revenue			
	Local Option Sales Tax	Employee Benefits	Road Use Tax	Total
Receipts:				
Property tax	\$ -	19,075	-	19,075
Other city tax	38,012	204	-	38,216
Intergovernmental	-	-	42,948	42,948
Total receipts	38,012	19,279	42,948	100,239
Disbursements:				
Operating:				
Public safety	25,626	4,400	-	30,026
Public works	8,039	8,707	41,638	58,384
Culture and recreation	-	3,032	-	3,032
General government	-	3,699	-	3,699
Total disbursements	33,665	19,838	41,638	95,141
Excess (deficiency) of receipts over (under) disbursements	4,347	(559)	1,310	5,098
Cash balances begining of year	2,126	3,470	12,819	18,415
Cash balances end of year	\$ 6,473	2,911	14,129	23,513
Cash Basis Fund Balances				
Restricted for:				
Community protection	\$ 6,473	-	-	6,473
Employee benefits	-	2,911	-	2,911
Streets	-	-	14,129	14,129
Total cash basis fund balances	\$ 6,473	2,911	14,129	23,513

See accompanying independent auditor's report.

## Schedule 2

CITY OF LAMONT  
SCHEDULE OF INDEBTEDNESS  
Year Ended June 30, 2014

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
General obligation note:								
Fire truck acquisition	Apr 22, 2014	3.50%	\$ 49,000	-	49,000	-	49,000	-
Revenue note:								
Wastewater treatment planning and design	Apr 7, 2010	0%	\$ 89,280	89,280	-	89,280	-	-

See accompanying independent auditor's report.

CITY OF LAMONT  
NOTE MATURITIES  
June 30, 2014

<u>General Obligation Notes</u>		
Year Ending June 30,	<u>Fire Truck Acquisition</u>	
	<u>Issued Apr 22, 2014</u>	
	<u>Interest</u>	
	<u>Rates</u>	<u>Amount</u>
2015	3.50%	\$ 12,000
2016	3.50	12,000
2017	3.50	12,500
2018	3.50	<u>12,500</u>
Total		<u>\$ 49,000</u>

See accompanying independent auditor's report.

CITY OF LAMONT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended June 30, 2014

Grantor/Program	CFDA Number	Agency Pass-Through Number	Program Expenditures
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08-DRMI-006	\$ 297,315
U.S. Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Disaster Grants- Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4126-DR-IA	7,260
Hazard Mitigation Grant (HMGP)	97.039	HMGP-DR-1763-130-01	891,946
Total			<u>\$ 1,196,521</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Lamont and is presented on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



**STEVEN S. CLAUSEN, CPA**

124A Main • P.O. Box 359

Elkader, Iowa 52043

(563) 245-2154 • (800) 310-2154

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Mayor and  
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Lamont, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 14, 2014. Our report expressed qualified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Lamont's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lamont's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lamont's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified deficiencies in internal control we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Questioned Costs as item II-A-14 and II-B-14 to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lamont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### City of Lamont's Responses to Findings

The City of Lamont's responses to findings in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Lamont's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

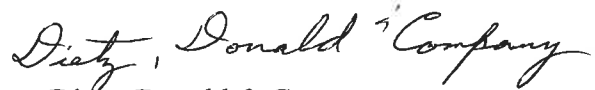
### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Lamont during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

November 14, 2014

  
Dietz, Donald & Company  
Certified Public Accountants  
FEIN 42-1172392

**STEVEN S. CLAUSEN, CPA**

124A Main • P.O. Box 359

Elkader, Iowa 52043

(563) 245-2154 • (800) 310-2154

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR THE MAJOR FEDERAL PROGRAM ON INTERNAL CONTROL OVER  
COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and  
Members of the City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Lamont, Iowa's compliance with the types of compliance described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on the City of Lamont's major federal program for the year ended June 30, 2014. The City of Lamont's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Lamont's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lamont's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the City of Lamont's compliance.

#### Opinion on the Major Federal Program

In our opinion, the City of Lamont complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

#### Report on Internal Control Over Compliance

The management of the City of Lamont is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Lamont's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Lamont's internal control over compliance.

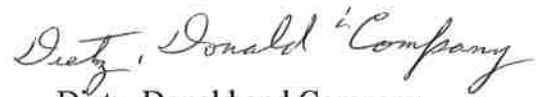
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Elkader, Iowa

November 14, 2014



Dietz, Donald and Company  
Certified Public Accountants  
FEIN 42-1172392

CITY OF LAMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014

Part I: Summary of the Independent Auditor's Results:

- (1) Qualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (2) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (3) The audit did not disclose any noncompliance which is material to the financial statements.
- (4) No material weaknesses in internal control over the major program were disclosed by the audit of the financial statements.
- (5) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (6) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (7) The major program was CFDA Number 97.039 - Hazard Mitigation Grant (HMGP).
- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$ 300,000.
- (9) The City of Lamont did not qualify as a low-risk auditee.

CITY OF LAMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- II-A-14 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of the cash receipts to the cash receipts journal are all done by the same person.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will consider this.

Conclusion - Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

- II-B-14 Financial Reporting - As is common in small organizations, the City does not prepare its financial statements, complete with notes, in accordance with U.S. generally accepted accounting principles. Accordingly, the City is unable to, and has not established internal controls over the preparation of financial statements.

Recommendation - As part of the audit, we have been requested to prepare a draft of the City's financial statements, including related notes to the financial statements. The City then performs a review of the financial statements. However, in order to provide improved oversight of the financial preparation services and implement controls over the financial reporting process, the City should establish review policies and procedures including the performance of some or all of the following functions:

Review the adequacy of financial statement disclosures.

Review and approve schedule and calculations supporting amounts included in the notes to the financial statements.



CITY OF LAMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014

Apply analytical procedures to the draft financial statements.

Apply other procedures as considered necessary by the City.

Response - We will consider this, however, the City only prepares a complete set of financial statements when a single audit is required.

Conclusion - Response acknowledged.

INSTANCES OF NONCOMPLIANCE

No matters were noted

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCY

No material weaknesses were identified.

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-14 Certified Budget - Disbursements during the year ended June 30, 2014 did not exceed the amounts budgeted.

IV-B-14 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-14 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF LAMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014

IV-D-14 Business Transactions - Business transactions between the City and City officials are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kevin Streicher, Council Member, employee of Leon's Plumbing and Heating	Furnace, repairs	\$ 7,985

In accordance with Chapter 362.5(3)(K) of the Code of Iowa, the transactions with Leon's Plumbing and Heating may represent a conflict of interest since the total cumulative transactions were greater than \$ 2500.

Recommendation - The City should consult legal counsel to determine the disposition of the payments made to Leon's Plumbing and Heating.

Response - We will consult with legal counsel.

Conclusion - Response accepted.

IV-E-14 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

IV-F-14 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

The minutes of the Council for the June 18 and June 30 special council meetings were not published as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation - The City should comply with Chapter 372.13(6) of the Code of Iowa and publish all minutes as required.

Response - It was an inadvertent oversight that caused the June special council meetings not to be published. In the future all minutes will be published as required.

CITY OF LAMONT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014

Conclusion - Response accepted.

IV-G-14 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-14 Revenue Notes - No instances of noncompliance with the revenue note resolutions were noted.

IV-I-14 Insurance Coverage - It appears that the 2014 Ford F150 pickup truck purchased in January was not added to the insurance policy.

Recommendation - The City should contact their insurance agent to make sure the new truck is added to their policy.

Response - We will do this.

Conclusion - Response accepted.